



OFFICE OF THE COUNTY AUDITOR

Ronald S. Weinstein, CPA
County Auditor

MEMORANDUM

January 5, 2006

MEMO TO: Guy Guzzone
Council Member

FROM: Ronald S. Weinstein
County Auditor

SUBJECT: Korean American Community Association of Howard County

Pursuant to your request, our office has completed a review of the contract between the Howard County Council and the Korean American Community Association of Howard County (KACAH) and the expenditures associated with the contract. Our audit included a review of the books and records of KACAH as well as interviews with appropriate personnel. In addition, because of an e-mail received from a former employee, we reviewed all expenditures to determine if they were within the contract guidelines.

The Council entered into the contract to obtain outreach services to Korean American constituents accessing County services for the period from July 1, 2004 to June 30, 2005. Expenditures under this contract totaled \$7,383 through June 30, 2005 out of a possible \$10,000. KACAH spent these funds to pay individuals who provided services to Korean American constituents, mainly by assisting those who contacted the organization via the Care Line. We examined the records maintained by the association and found them to be consistent with the invoices. We did not find any evidence of misappropriation of County funds. Record keeping was adequate, but could be improved by including additional details on the services provided.

For FY 2006, a Community Service Partnership grant was awarded to KACAH in the amount of \$15,000. We reviewed the grant application and contract and found that it appeared reasonable. This agreement will be monitored by the Department of Citizen Services. No additional action is required by the County Council. Please let me know if you have any questions.

cc: Council Members
James N. Robey, County Executive
Sue Song, President, KACAH
Barbara M. Cook, County Solicitor
Susan M. Rosenbaum, Director, Department of Citizen Services
Sheila M. Tolliver, Administrator to County Council

BACKGROUND AND SCOPE

The Korean American Community Association of Howard County (KACAH) is a non-profit corporation. It receives funding through donations and has in the past received a grant from the Horizon Foundation. KACAH was established in 2001 to serve as a resource for the growing Korean community in the County. A critical initiative of the association is the Care Line. The Care Line was initially funded by the Horizon Foundation from October 2003 to July 2004. It is a 'hot line' providing outreach services and crisis assessments to Korean Americans by Korean Americans. It was begun in October 2003 in response to the increased number and special needs of Korean Americans. It provides information, referral, and crisis intervention services related to legal services, access to health care, referral services for youth and family problems, and senior services. The Care Line handles the initial screening and assessment of Korean American callers.

During FY 2005, an agreement was entered into between the Korean American Community Association of Howard County and the Howard County Council. The agreement outlined services to be provided by the association to Korean American constituents. We reviewed the agreement, invoices and reports to determine what services were included under the terms of the agreement, what services were provided, and what expenditures were incurred to provide the services. We also examined KACAH files to review the specific services provided to each client and the underlying circumstances of each client.

Our audit was initiated because one of the individuals who had worked for KACAH reported concerns about the proper utilization of the funds received by KACAH. After discussions with the Office of Law, we determined that the most prudent response would be for the County Auditor's Office to perform a programmatic monitoring review of the funds.

FINDINGS, COMMENTS AND RECOMMENDATIONS

The Korean American Community Association of Howard County and the Howard County Council entered into an agreement on August 4, 2004. This agreement was for services to be provided during fiscal year 2005. The agreement stated that the County agreed to pay the Association an amount not to exceed \$ 10,000 for the period from July 2004 through June 2005. This amount was to be paid in quarterly installments, upon receipt of an invoice documenting 125 hours of professional services. The amount was to be prorated if less than 125 hours of service were provided. Documentation required by the agreement included a complete accounting of the number and types of problems solved and services provided, the names of those providing the service, and the names of constituents served. The agreement was amended on October 8, 2004 to require monthly invoices and monthly payments, which must document 42 hours of service provided.

The agreement stated that KACAHI would provide services to constituents in the Korean American community including:

Outreach services to include attending or convening meetings to explain the availability of the Korean Constituent Outreach Program, answering questions about County services and officials, distributing literature explaining County services and the project.

Acting as a point of contact for Korean Americans to receive assistance in getting access to County services, including use of the Care Line.

Information and referral services to Korean Americans concerning County government and services.

Liaison with offices of the County Council to secure information about services and access to them and to communicate constituent needs and concerns.

Advice to the County Council concerning access to County services by the Korean community as requested.

Translation services, as needed, for Korean constituents and County government agencies regarding County services.

Assist in developing brochures or other materials in Korean to inform Korean Americans about laws and processes pertaining to applying for and maintaining licenses and permits,

Summary reports were submitted to the Council for the period from July 2004 to November 2004, the period from December 2004 to March 2005. We reviewed the two summary reports which explained how the goals in the agreement were met, and included details about meetings and

information sessions as well as the number of hours spent providing information and referral services to individuals.

Receipts

KACAH I received a total of \$7,383.30 from the County during FY 2005. The MI amount was not requested due to delays in the start up of the program. Some invoices requested, amounts which were reduced prior to payment. This was due either to the monthly limit of \$833.33, or because some services which were not County related were not paid. Receipts were as follows:

July- September 2004	\$1,500.00
October 2004	833.33
November 2004	416.66
December 2004	833.33
January 2005	833.33
February 2005	833.33
March 2005	833.33
April 2005	833.33
May 2005	466.66

We reviewed available financial records, including records of deposits, and we traced those deposits of County funds to the associated bank statements. Some deposits shown on the bank statements included amounts other than County funds in total.

Expenditures

We reviewed the records of expenditures by KACAH I of County funds, as well as the bank statements. We traced payments made by KACAH I to service providers to the bank statements. A large portion of the financial records were in Korean so we relied on the organization to translate for us. All of the County's payments were in turn paid to individuals who provided services to Korean Americans and appeared to be in order.

We reviewed the invoices submitted to the Council for payment and traced the services recorded on those invoices to documentation maintained in the files. The invoices listed the hours spent providing the services and included time spent on the initial request as well as follow-up services. When the invoice reflected hours in excess of those allowed in the contract, the payment was reduced to the actual amount allowed per month. When the invoice reflected less hours than the

maximum allowed, the payment was reduced to pay for only the number of hours shown on the invoice. The number of hours spent providing services will not be the criteria for payment under the FY 2006 Community Service Partnerships grant.

KACAHl records used to substantiate the services shown on the invoices included handwritten notes and Care Line Intake Forms. The Care Line Client Intake Form indicates the date and time of the call, the counselor, the name and address of caller, the problem, and the action taken. It does not reflect the entire time spent resolving the issue. We found that this form was not filled out completely in many cases, and was most often written in Korean, so therefore we were unable to verify the hours spent. We recommend that the Care Line Intake Form or other documentation include sufficient detail to support the services provided, including number of hours spent.

As stated earlier, our audit was requested due to receipt of an e-mail in March 2005 by the Council office from an individual expressing a concern over the distribution of County funds by KACAHl. We found that this person provided services to constituents and received a large percentage of the payments paid to KACAHl by the County for services provided while he worked there. There appeared to be some miscommunication between this person and the president of the association about the nature of the job, and the amount of funds available to be paid for services provided. We found that there was no evidence to substantiate his concerns.

Tax Status

The Korean American Community Association of Howard County (KACAHl) is a non-profit corporation organized as a Community Association under Section 501 (c)(4) of the Internal Revenue Code. The Internal Revenue Code describes a Section 501(c)(4) as a social welfare organization, and further describes a community association as a social welfare organization. Donations to a Section 501 (c)(4) organization are not deductible as charitable contributions for federal income tax purposes. We recommend that KACAHl apply to the Internal Revenue Service for Section 501(c)(3) designation in order to receive deductible charitable contributions. This has already been done at our request.

Community Service Partnerships

Subsequent to the County Council's agreement, and at its recommendation, KACAHl applied for a Community Service Partnership grant from Howard County for FY 2006. It was awarded in the

amount of \$15,000. The grant funds are to be used to develop and build community partnerships with existing Howard County agencies that provide emergency services, youth and family services, senior services, and health care services. They are also to be used to hire a part-time Care Line coordinator and recruit and train two Care Line volunteers. KACAHI will also provide outreach to Korean Americans through Korean newspapers and radio, fliers, quarterly newsletters and periodic articles.

The Department of Citizen Services administers the Community Service Partnerships program. This program provides funds to non-profit agencies for specific services that are not provided by Howard County Government.

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